

**STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
Division of Workers' Compensation**

**NOTICE OF PROPOSED RULEMAKING
(Workers' Compensation Information System)**

TITLE 8, CALIFORNIA CODE OF REGULATIONS SECTIONS 9700, ET SEQ.

NOTICE IS HEREBY GIVEN that the Administrative Director of the Division of Workers' Compensation, pursuant to the authority vested in him by Labor Code Sections 133, 139.5 and 5307.3, proposes to modify existing regulations, by amending Article 1.1, Subchapter 1 to Chapter 4.5 of Title 8, California Code of Regulations, commencing with Section 9701, relating to the Workers' Compensation Information System.

PUBLIC HEARING

Public hearings have been scheduled to permit all interested persons the opportunity to present statements or arguments, oral or in writing, with respect to the subjects noted above, on the following dates:

Date: March 1, 2001 (Thursday)
Time: 10:00 am to 5:00 PM or conclusion of business
Place: Gov. Hiram W. Johnson State Office Building, Auditorium
455 Golden Gate Avenue
San Francisco, California 94102

Please note that public comment will begin promptly at 10:00 a.m. and will conclude when the last speaker has finished his or her presentation. If public comment concludes before the noon recess, no afternoon session will be held. The Administrative Director requests, but does not require, that any persons who make oral comments at the hearing also provide a written copy of their comments.

AUTHORITY AND REFERENCE

The Administrative Director of the Division of Workers' Compensation, is undertaking this regulatory action pursuant to the authority vested in him by Labor Code Sections 133, 139.5 and 5307.3, to adopt regulations to implement, interpret, and make specific Labor Code Section 138.6, relating to the Workers' Compensation Information System (WCIS).

INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW:

Labor Code Section 138.6 requires the Administrative Director of the Division of Workers' Compensation to develop a cost efficient workers' compensation information system to accomplish the following purposes:

- Assist the Department of Industrial Relations to manage the workers' compensation system in an effective and efficient manner.
- Facilitate the evaluation of the effectiveness and efficiency of the benefit delivery system.
- Assist in measuring how adequately the system indemnifies injured workers and their dependents.
- Provide statistical data for research into specific aspects of the workers' compensation system.

The data collected electronically must be compatible with the International Association of Industrial Accident Boards and Commissions' Electronic Data Interchange (IAIABC EDI) system, and the data elements to be provided by claims administrators through the WCIS must be set forth in regulations.

Additionally, Labor Code Section 138.7 limits access to individually identifiable information maintained by the Division of Workers' Compensation, and requires the Administrative Director to adopt regulations governing access to this information by specified government agencies and bone fide researchers authorized by this statute to receive individually identifiable information.

These proposed regulations implement, interpret, and make specific these two sections of the Labor Code as follows:

1. Section 9701

This section defines key terms used in these regulations to ensure the meaning will be clear to the regulated public. The proposed amendments in this section will clarify terms in the current WCIS regulations and define key terms that are contained within the regulations proposed for Sections 9702 and 9703:

(a) "Bona Fide Statistical Research" is defined to clarify the purpose for which individually identifiable information will be released to individuals and private or public entities under existing Section 9703 (d).

(d) "Closed Claim" is defined to clarify an event that gives rise to a reporting obligation under Section 9702 (d).

(h) "EDI Implementation Guide, Release 2 " is amended to reflect an updated version of the guide issued by the IAIABC on December 1, 1999.

(i) "EDI Medical Bill/Payment Report Implementation Guide " is defined to clarify the exact publication from which data elements in proposed Section 9702 (e) are derived.

(j) "EDI Trading Partner Profile" is redefined to reflect a revised trading partner profile form [Form DWC WCIS TP01 (Revised 11/00), entitled "Electronic Data Interchange Trading Partner Profile"].

(k) "Health Care Organization" is defined to specify the reporting obligations for such organizations under proposed Section 9702 (e).

(o) "Managed Care Organization" is defined to interpret a required data element in proposed Section 9702 (e).

(p) "Medical Services" is defined to specify the activity for which information received by a claims administrator will give rise to a reporting obligation under proposed Section 9702 (e).

2. Section 9702

This section sets forth the electronic data reporting requirements for workers' compensation claims administrators, and provides that the submission of the specified data elements satisfies a claims administrator's statutory obligation to send to the Division copies of benefit notices. The proposed amendments in this section eliminate unnecessary data elements, add relevant data elements, clarify reporting obligations, and include a new subsection for the reporting of medical bill payment data:

(b) This subdivision sets forth the data elements required for the initial reporting of claim information. The amendments eliminate an unnecessary data element and modify the timeframe for utilizing several data elements.

(c) This subdivision clarifies the specific identifying data elements that must accompany each WCIS data transmission.

(d) This subdivision sets forth the data elements required for the reporting of indemnity benefit payments. The amendments eliminate irrelevant or duplicative data elements, add pertinent data elements, clarify the interpretation of data elements, and modify the timeframe for utilizing various data elements.

(e) This proposed subdivision requires the submission of specified data elements for the reporting of medical bill/payment information to be collected on all claims by January 1, 2002. This will require use of data elements from the EDI Medical Bill/Payment Report Implementation Guide.

(g) This subdivision sets forth the data elements required for the reporting of annual benefit payments on claims with a date of injury on or after July 1, 2000. The amendments modify the reporting date and add pertinent data elements.

(h) The amendment to this subdivision specifies that compliance with the reporting obligation of Section 9702 satisfies a claims administrator's regulatory obligation to send the Division an "Annual Report of Inventory" under 8 C.C.R. § 10104.

3. Section 9703

This section sets forth the provisions governing access to individually identifiable information, as required by Labor Code section 138.7. In addition to some statutory language which is duplicated for the convenience of the regulated public:

(b) This subdivision sets forth the purposes for which the Division of Workers' Compensation can use the individually identifiable information held by WCIS. The proposed regulation will allow Information and Assistance Officers access to WCIS data in order to assist parties to a workers' compensation claim.

STATE REIMBURSABLE MANDATE

The Administrative Director has determined that the proposed regulations will not impose any new mandated program on local agencies and school districts. The California Supreme Court has determined that an increase in workers' compensation benefit levels does not constitute a new State mandate for the purpose of local mandate claims because the increase does not impose unique requirements on local governments. See County of Los Angeles v. State of California (1987) 43 Cal.3d 46. The requirements imposed on all employers by these proposed regulations, although not a benefit level increase, is similarly not a new State mandate because the regulations apply to all employers, private and public, and not uniquely to local governments.

COST OR SAVINGS TO LOCAL AGENCIES OR SCHOOL DISTRICTS

The proposed regulations may impose costs on local agencies and school districts. Any such costs, however, will be non-discretionary because the requirement that every employer comply with the requirements of California's workers' compensation laws is a statutory obligation. Furthermore, any such costs are non-reimbursable because the requirement on employer to comply with California's workers' compensation laws is not unique to local agencies or school districts and applies to all employers alike, public and private, including the State of California.

COST OR SAVINGS TO STATE AGENCIES

The proposed regulations may impose costs on State agencies. (State government accounts for about 3% of the occupational injuries and illnesses.) Any such costs are, however, are non-reimbursable since the requirement on an employer to comply with California's workers' compensation laws is not unique to State agencies and applies to all employers alike, public and

private. The proposed regulations that will eliminate unnecessary data elements and modify the time frame for reporting other data elements may result in possible cost savings.

COST OR SAVINGS IN FEDERAL FUNDING TO STATE

The proposed regulations will not affect any federal funding.

DETERMINATION REGARDING SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT ON BUSINESS

The Administrative Director declares that he has initially determined that the proposed regulations will not have a significant adverse economic impact on businesses, including the ability of California businesses to compete with businesses in other states.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSONS OR BUSINESSES

The Division is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

The entities directly affected by WCIS regulation in terms of potential costs are those which administer workers' compensation claims in California. This includes three types of private businesses: (1) private employers who are large and financially secure enough to be permitted to self-insure their workers' compensation liability and who administer their own workers' compensation claims; (2) private insurance companies which are authorized to transact workers' compensation insurance in California; and (3) third party administrators which are retained to administer claims on behalf of self-insured employers or insurers.

All estimated costs associated with the implementation of the WCIS were set forth in the January 27, 1999 Economic and Fiscal Impact Statement (STD 399), and accompanying background data, that was submitted in support of the initial WCIS regulations. The initial regulations included three main components of the WCIS regulations that result in costs—First Reports of Injury, Subsequent Reports or benefit notices and Medical Bill/Payment Reports. Costs can be attributed equally to each component. In the initial regulations, filed with the Secretary of State on October 22, 1999, only two of the three components were implemented, the First and Subsequent Reports. The third component, the Medical Bill/Payment Reports (requiring the electronic reporting of medical bill/payment data elements on all workers' compensation claims), is now being reintroduced in proposed Section 9702 (e). Since implementation of the Medical Bill/Payment Report requirements was initially delayed, the subsequent reintroduction simply restores the total WCIS impact to the original estimate. (See current Economic and Fiscal Impact Statement for additional analysis.)

ECONOMIC IMPACT ON SMALL BUSINESSES

The Administrative Director has determined that small business will not be impacted by the proposed regulations. The obligations to report workers' compensation claims data fall on

insurers, self-insured employers (who must by regulation have substantial net worth and income) and third party administrators, all of whom do not qualify as “small business.”

ASSESSMENT OF EFFECTS ON JOB AND/OR BUSINESS CREATION, ELIMINATION OR EXPANSION

The Administrative Director has determined that the proposed regulations will likely have no net effect on the creation or elimination of existing businesses within California, or affect the expansion of current California businesses. However, some jobs relating to key data entry and the processing of paper reports between employers, physicians, medical bill review organizations, claims administrators, and the state may be eliminated based on the anticipated increase in the automated reporting of workers' compensation information.

IMPACT ON HOUSING COSTS

The Administrative Director has determined that proposed regulations will have no effect on housing costs.

CONSIDERATION OF ALTERNATIVES

The Administrative Director must determine that no alternative would be more effective in carrying out the purpose for which these regulations are proposed, nor would it be as effective and less burdensome to affected persons than the proposed actions.

PRESENTATION OF ORAL OR WRITTEN COMMENTS AND DEADLINE FOR SUBMISSION OF WRITTEN COMMENTS

Members of the public are invited to present oral or written statements, arguments or evidence at the public hearings. In addition, any person may submit written comments concerning the proposed regulations prior to the close of the public comment period to:

Ms. Guia Carreon
Regulation Coordinator
Department of Industrial Relations
Division of Workers' Compensation
P.O. Box 420603
San Francisco, California 94142

Those persons wishing to submit written comments by facsimile transmission (FAX) should utilize the following FAX number: (415) 703-4720. The address for submission of comments by electronic mail (e-mail) is: DWCRules@hq.dir.ca.gov.

Unless submitted prior to or at the public hearing, Ms. Carreon must receive all comments no later than 5:00 p.m. on March 1, 2001. The Administrative Director prefers written comments to oral testimony. If you have provided a written comment, it will not be necessary to present oral testimony at the hearing.

AVAILABILITY OF TEXT OF REGULATIONS AND STATEMENT OF REASONS:

An Initial Statement of Reasons has been prepared for the proposed regulations, in addition to the Informative Digest included in this Notice. The Initial Statement of Reasons and the text of the proposed regulations will be made available for inspection or provided upon written request. Please direct all such requests to the contact person who is identified below. In addition, the above-cited materials may be accessed on the Division's Internet homepage at: www.dir.ca.gov.

CONTACT PERSON

Any interested person may inspect a copy or direct questions about the proposed regulations, the Initial Statement of Reasons, and any supplemental information contained in the "Rulemaking File". The "Rulemaking File" will be available for inspection at the Department of Industrial Relations, Division of Workers' Compensation, 455 Golden Gate Avenue, 9th Floor, San Francisco, California, between 9:00 a.m. and 4:30 p.m., Monday through Friday. Copies of the proposed regulations, the Initial Statement of Reasons, and any information contained in the Rulemaking File may be requested in writing from the contact person:

Ms. Guia Carreon
Regulation Coordinator
Department of Industrial Relations
Division of Workers' Compensation
P.O. Box 420603
San Francisco, California 94142

The telephone number of the contact person is (415) 703-4600.

Note: In the event the contact person is unavailable, or to obtain responses to questions regarding the substance of the proposed regulations, inquiries should be directed to the following backup contact person at the same address and telephone number noted above: George Parisotto, Esq.

AVAILABILITY OF CHANGES FOLLOWING PUBLIC HEARING

If the Administrative Director makes changes to the proposed regulations as a result of the public hearing and public comment received, the modified text with changes clearly indicated will be available for public comment for at least 15 days prior to the date on which the regulations are adopted. There are no statutory or other notice requirements other than those contained in the Administrative Procedures Act, (Government Code Section 11340, *et seq.*) applicable to the adoption of these proposed regulations.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Following its preparation, a copy of the Final Statement of Reasons mandated by Government Code Section 11346.9(a) may be obtained from the contact person indicated above. In addition,

the Final Statement of Reasons will be posted on the Division's Internet homepage, and may be accessed at: www.dir.ca.gov.

AUTOMATIC MAILING

A copy of this Notice, including the Informative Digest, the Initial Statement of Reasons, and the text of the proposed regulations, will automatically be sent by regular mail, or, upon request, by electronic mail, to those interested persons on the mailing list of the Administrative Director of the Division of Workers' Compensation, and to all persons who have requested notice of hearing as required by Labor Code Section 5307.4.

If adopted, the regulations will appear sequentially in the California Code of Regulations at Title 8, Chapter 4.5, Subchapter 1, commencing with Section 9701.

Chapter 4.5
Division of Workers' Compensation
Subchapter 1
Administrative Director-Administrative Rules

Article 1.1
Workers' Compensation Information System

9701. Definitions

The following definitions apply in this article:

(a) Bona Fide Statistical Research. The analysis of existing workers' compensation data by an educational institution, governmental research agency, trade association, or other institution as approved by the Administrative Director, for the purpose of developing or contributing to basic knowledge regarding the California workers' compensation system.

~~(a)~~ (b) Claim. An injury as defined in Division 4 of the Labor Code, occurring on or after March 1, 2000, that has resulted in the receipt of one or more of the following by a claims administrator:

- (1) Employer's Report of Occupational Injury or Illness, as required by Title 8, California Code of Regulations §§ 14004-14005.
- (2) Doctor's First Report of Occupational Injury or Illness, as required by Title 8, California Code of Regulations §§ 14006-14007.
- (3) Application for Adjudication filed with the Workers' Compensation Appeals Board under Labor Code § 5500 and Title 8, California Code of Regulations § 10408.
- (4) Any information indicating that the injury requires medical treatment by a physician as defined in Labor Code § 3209.3.

~~(b)~~ (c) Claims Administrator. A self-administered insurer providing security for the payment of compensation required by Divisions 4 and 4.5 of the Labor Code, a self-administered self-insured employer, or a third-party claims administrator for a self-insured employer, insurer, legally uninsured employer, or joint powers authority.

(d) Closed Claim. A claim in which future payment of indemnity benefits and/or provision of medical benefits cannot be reasonably expected to be due.

~~(e)~~ (e) Data Elements. Information identified by data number (DN) and defined in the dictionary of the EDI Implementation Guide, Release 1, or the EDI Implementation Guide, Release 2. Data elements set forth in Section 9702 must be transmitted on all claims, where applicable, as indicated in Section 9702. The data elements set forth in the EDI Implementation Guides that are not enumerated in Section 9702 are optional and may, but need not be, submitted on any or all claims.

~~(d)~~ (f) Electronic Data Interchange. (“EDI”). A computer to computer exchange of data or information in a standardized format acceptable to the Administrative Director.

~~(e)~~ (g) EDI Implementation Guide, Release 1. EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header & Trailer Records, Release I, issued August 9, 1995, by the International Association of Industrial Accident Boards and Commissions. Sections 4, 5, 6, and the Appendix of EDI Implementation Guide, Release 1, are hereby incorporated by reference.

~~(f)~~ (h) EDI Implementation Guide, Release 2. EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header & Trailer Records, Release 2, issued ~~November 30, 1998~~ December 1, 1999, by the International Association of Industrial Accident Boards and Commissions. Sections 4, 5, 6, and the Appendix of EDI Implementation Guide, Release 2, are hereby incorporated by reference.

(i) EDI Medical Bill/Payment Report Implementation Guide. EDI Implementation Guide for Medical Bill/Payment Report, Release 1, issued [September 16, 2000] by the International Association of Industrial Accident Boards and Commissions. Sections 1 through 3, and 6 through 14 of the EDI Implementation Guide for Medical Bill/Payment Report, Release 1, are hereby incorporated by reference.

~~(g)~~ (j) EDI Trading Partner Profile. The form, required to be completed by the claims administrator, which sets forth the conditions under which the trading of data elements is to take place. The EDI Trading Partner Profile [Form DWC WCIS TP01 ~~(Revised 4/99)~~ (Revised 11/00), entitled “Electronic Data Interchange Trading Partner Profile”], is hereby incorporated by reference.

~~(h) Reserved for future rulemaking upon issuance of the EDI Medical Bill/Payment Report Implementation Guide by the International Association of Industrial Accident Boards and Commissions.~~

(k) Health Care Organization (“HCO”). Any entity certified as a health care organization by the Administrative Director pursuant to Labor Code Sections 4600.5 and 4600.6.

~~(i)~~ (l) Indemnity Benefits. Payments conferred, including those made by settlement, for any of the following: temporary disability indemnity, permanent disability indemnity, death benefits, vocational rehabilitation maintenance allowance, and employer-paid salary in lieu of compensation.

~~(j)~~ (m) Individually Identifiable Information. Any data concerning an injury or claim that is linked to a uniquely identifiable employee, employer, claims administrator, or any other person or entity.

~~(k)~~ Reserved.

~~(l)~~ (n) International Association of Industrial Accident Boards and Commissions (“IAIABC”). A professional association of workers’ compensation specialists, located at 1201 Wakarusa Drive, C-3, Lawrence, Kansas 66049, which is, in addition to other activities, engaged in the production and publication of EDI standards for filing workers’ compensation information. Note: IAIABC asserts ownership of such EDI standards which are published in various ways and include Implementation Guides with instructions on their use, technical and business specifications and coding information to permit the transfer of data between regulatory bodies and regulated entities in a uniform and consistent manner. Users of these standards are advised to contact IAIABC regarding any applicable licensing arrangements.

(o) Managed Care Organization (“MCO”). A healthcare provider (or group of medical service providers) that contracts with claims administrators to provide a variety of healthcare services to enrolled members through participating providers. Examples of managed care organizations or plans are Health Maintenance Organizations and Preferred Provider Organizations.

(p) Medical Services. Treatment for an occupational injury, provided pursuant to Labor Code § 4600, that is furnished, provided, or prescribed by a licensed health care professional or non-licensed personnel acting pursuant to the orders or instructions of a licensed health care professional. Medical services do not include the furnishing or prescribing of pharmaceutical drugs to individuals.

~~(m)~~ (q) WCIS. The Workers’ Compensation Information System established pursuant to sections 138.6 and 138.7 of the Labor Code.

Authority: Sections 133, 138.6, and 138.7, Labor Code.

Reference: Section 138.6 and 138.7, Labor Code.

9702. Electronic Data Reporting

(a) Each claims administrator shall transmit data elements, by electronic data interchange, to the WCIS by the dates specified in this section. Each claims administrator shall, at a minimum, provide complete, valid, accurate data for the data elements set forth in this section. Each transmission of data elements shall include appropriate header and trailer records as set forth in the applicable EDI Implementation Guide.

(1) The Administrative Director, upon request, may grant a claims administrator a variance in reporting all or part of the data elements required pursuant to Subsections (b) and (d) of this section. Any variance granted by the Administrative Director under this subsection shall be set forth in writing. This variance shall be granted upon:

(A) a documented showing that compliance with the reporting deadlines set forth in Subsections (b) and (d) would cause undue hardship to the claims administrator; and

(B) submission of a plan, prior to the applicable deadline set forth in Subsection (b) and (d), documenting the means by which the claims administrator will ensure full compliance with the data reporting by January 1, 2001.

(2) “Undue hardship” means that compliance with the applicable reporting deadline would result in significant difficulty or expense for the claims administrator.

(3) A claims administrator which certifies that the data reporting deadline set forth in subdivision (b) cannot be met because a computer system critical to carry out its mission is not yet capable of sending, receiving, or calculating data that contains dates after December 31, 1999 shall be deemed to have shown undue hardship for the purposes of paragraph (1).

(4) The variance period for reporting data elements under Subsections (b) and (d) will end on December 31, 2000. A claims administrator granted a variance shall submit to the WCIS by January 1, 2001 all data that were required to be submitted under Subsections (b) and (d) during the variance period except for data that were not known to the claims administrator or not captured on the claims administrator’s electronic data systems. The data shall be submitted in an electronic format acceptable to the Division.

(b) On and after March 1, 2000, each claims administrator shall submit to the WCIS on each claim, within five (5) business days of knowledge of the claim, each of the following data elements known to the claims administrator:

DATA ELEMENT NAME	DN
MAINTENANCE TYPE CODE	2
MAINTENANCE TYPE CODE DATE	3
JURISDICTION CODE (1)	4
INSURER FEIN	6

INSURER NAME	7
THIRD PARTY ADMINISTRATOR FEIN (2)	8
THIRD PARTY ADMINISTRATOR NAME (2)	9
CLAIM ADMINISTRATOR MAILING PRIMARY ADDRESS (1)	10
CLAIM ADMINISTRATOR MAILING SECONDARY ADDRESS (1)	11
CLAIM ADMINISTRATOR MAILING CITY (1)	12
CLAIM ADMINISTRATOR MAILING STATE CODE (1)	13
CLAIM ADMINISTRATOR MAILING POSTAL CODE (1)	14
CLAIM ADMINISTRATOR CLAIM NUMBER	15
EMPLOYER FEIN (3)	16
EMPLOYER NAME	18
EMPLOYER PHYSICAL PRIMARY ADDRESS (1)	19
EMPLOYER PHYSICAL SECONDARY ADDRESS (1)	20
EMPLOYER PHYSICAL CITY (1)	21
EMPLOYER PHYSICAL STATE CODE (1)	22
EMPLOYER PHYSICAL POSTAL CODE (1)	23
SELF INSURED INDICATOR (4)	24
DATE OF INJURY	31
ACCIDENT SITE POSTAL CODE (1)	33
NATURE OF INJURY CODE	35
PART OF BODY INJURED CODE	36
CAUSE OF INJURY CODE	37
ACCIDENT/INJURY DESCRIPTION NARRATIVE (1)	38
DATE EMPLOYER HAD KNOWLEDGE OF THE INJURY (1)	40
DATE CLAIM ADMINISTRATOR HAD KNOWLEDGE OF THE INJURY (1)	41
EMPLOYEE SSN (1) (5)	42
EMPLOYEE LAST NAME	43
EMPLOYEE FIRST NAME	44
EMPLOYEE MIDDLE NAME/INITIAL (1) (5)	45
EMPLOYEE MAILING PRIMARY ADDRESS (1) (5)	46
EMPLOYEE MAILING SECONDARY ADDRESS (1) (5)	47
EMPLOYEE MAILING CITY (1) (5)	48
EMPLOYEE MAILING STATE CODE (1) (5)	49
EMPLOYEE MAILING POSTAL CODE (1) (5)	50
EMPLOYEE PHONE NUMBER (1) (5)	51
EMPLOYEE DATE OF BIRTH	52
EMPLOYEE GENDER CODE (1)	53
EMPLOYEE MARITAL STATUS CODE (1) (6)	54
EMPLOYEE NUMBER OF DEPENDENTS (1) (6)	55
INITIAL DATE DISABILITY BEGAN (1)	56
EMPLOYEE DATE OF DEATH (6)	57
EMPLOYMENT STATUS CODE (5)	58
MANUAL CLASSIFICATION CODE (1) (7)	59
OCCUPATION DESCRIPTION	60
EMPLOYEE DATE OF HIRE (1) (5)	61
AVERAGE WAGE (1) (5)	62
WAGE PERIOD CODE (1) (5)	63
INITIAL DATE LAST DAY WORKED (1)	65
SALARY CONTINUED IN LIEU OF COMPENSATION INDICATOR (1)	67

INITIAL RETURN TO WORK DATE (1)	68
EMPLOYEE MAILING COUNTRY CODE (5) (8)	155
INSURED TYPE CODE (8)	184
CLAIM ADMINISTRATOR FEIN (8)	187
CLAIM ADMINISTRATOR NAME (8)	188
RETURN TO WORK TYPE CODE (8)	189
PHYSICAL RESTRICTIONS INDICATOR (8)	224
EMPLOYER UI NUMBER (3) (8)	329
(1) Release 1 data element name differs. (2) Release 1 only; not required for claims with a date of injury after July 1, 2000 <u>March 1, 2002</u> . (3) EMPLOYER FEIN (DN 16) and EMPLOYER UI NUMBER (DN 329) are substitutable; only one is required. (4) For Release 1 only; for Release 2 substitute INSURED TYPE CODE (DN 184). (5) Required only when provided to the claims administrator. (6) Death Cases Only. (7) Required for insured claims only; optional for self-insured claims. (8) For Release 2 only; optional for claims with a date of injury before July 1, 2000 <u>March 1, 2002</u> .	

Data elements omitted under this subsection because they were not known by the claims administrator shall be submitted within sixty (60) days from the date of the first report under this subsection.

(c) Each transmission of data elements listed under (b), (d), (e), (f), or (g) of this section shall also include the following elements for data linkage:

DATA ELEMENT NAME	DN
MAINTENANCE TYPE CODE <u>(1)</u>	<u>2</u>
MAINTENANCE TYPE CODE DATE <u>(1)</u>	<u>3</u>
JURISDICTION CLAIM NUMBER <u>(2)</u> <u>(3)</u>	<u>5</u>
INSURER FEIN <u>(4)</u>	<u>6</u>
THIRD PARTY ADMINISTRATOR FEIN <u>(4)</u>	<u>8</u>
CLAIM ADMINISTRATOR CLAIM NUMBER (2) <u>(5)</u>	<u>15</u>
CLAIM ADMINISTRATOR FEIN	<u>187</u>
DATE OF INJURY (2)	34
EMPLOYEE SSN (2)(3)	42
(1) Maintenance Type Code (DN 2) and Maintenance Type Code Date (DN 3) are required for transmissions under Subsections (b), (d), (f), and (g). (1) (2) This number will be provided by WCIS upon receipt of the first report. <u>The Jurisdiction Claim Number (DN 5) is required when changing a Claim Administrator Claim Number (DN 15); it is optional for other transmissions under this subsection.</u> (2) (3) The Claim Administrator Claim Number (DN 15) need not be submitted if the Jurisdiction Claim Number (DN 5) accompanies the transmission, except for transmissions required under Subsection (f). (4) If the Jurisdiction Claim Number (DN 5) is not provided, both	

<u>Claim Administrator Claim Number (DN 15) and Claim Administrator FEIN (DN 187) are required in Release 2. In Release 1, Third Party Administrator FEIN (DN 8) substitutes for Claim Administrator FEIN (DN 187), or, if there is no third party administrator, Insurer FEIN (DN 6) substitutes for Claim Administrator FEIN (DN 187).</u>	
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(d) On and after July 1, 2000, each claims administrator shall submit to the WCIS within ten (10) business days the following data elements, whenever indemnity benefits of a particular type and amount are started, changed, suspended, restarted, stopped, delayed, or denied, or when a claim is closed or reopened, or when the claims administrator is notified of a change in employee representation. Submissions under this subsection are required only for claims with a date of injury on or after July 1, 2000, and shall not include data on routine payments made during the course of an uninterrupted period of indemnity benefits.

DATA ELEMENT NAME	DN
EMPLOYMENT STATUS CODE	58
AVERAGE WAGE (1)	62
WAGE PERIOD CODE (1)	63
INITIAL RETURN TO WORK DATE (1)	68
DATE OF MAXIMUM MEDICAL IMPROVEMENT	70
CURRENT RETURN TO WORK DATE (1)	72
CLAIM STATUS CODE (1)	73
DATE CLAIM ADMINISTRATOR NOTIFIED OF EMPLOYEE REPRESENTATION (1)	76
LATE REASON CODE	77
PERMANENT IMPAIRMENT BODY PART CODE (2) (3)	83
PERMANENT IMPAIRMENT PERCENTAGE (1) (3)	84
BENEFIT TYPE CODE (1)	85
BENEFIT TYPE AMOUNT PAID (1)	86
NET WEEKLY AMOUNT (4)	87
BENEFIT PERIOD START DATE (1)	88
BENEFIT PERIOD THROUGH DATE (1)	89
BENEFIT TYPE CLAIM WEEKS (1)	90
BENEFIT TYPE CLAIM DAYS (1)	91
BENEFIT ADJUSTMENT CODE	92
BENEFIT ADJUSTMENT WEEKLY AMOUNT (1)	93
BENEFIT ADJUSTMENT START DATE	94
BENEFIT ADJUSTMENT END DATE	125
BENEFIT CREDIT CODE	126
BENEFIT CREDIT START DATE	127
BENEFIT CREDIT END DATE	128
BENEFIT CREDIT WEEKLY AMOUNT	129
CURRENT DATE DISABILITY BEGAN	144
CURRENT DATE LAST DAY WORKED	145
DEATH RESULT OF INJURY CODE	146

DENIAL REASON CODE (5)	173
GROSS WEEKLY AMOUNT (5)	174
RETURN TO WORK TYPE CODE (5)	189
SUSPENSION EFFECTIVE DATE (5)	193
PAYMENT ISSUE DATE (5)	195
NON-CONSECUTIVE PERIOD INDICATOR (5)	212
OTHER BENEFIT TYPE AMOUNT (4) (5)(6)	215
OTHER BENEFIT TYPE CODE (4) (5)(6)	216
PHYSICAL RESTRICTIONS INDICATOR (5)	224
RETURNED TO WORK WITH SAME EMPLOYER INDICATOR (5)	228
DENIAL EFFECTIVE DATE (5)	240
SETTLEMENT TYPE CODE (5)	241
<p>(1) Release 1 data element name differs.</p> <p>(2) May use Code 90 (Multiple Body Parts) to reflect combined rating for any/all impairments. Must use Code 99 (Whole Body) to reflect single rating for entire body. Ratings for individual body parts are optional.</p> <p>(3) Use actual permanent disability rating at the time of initial payment of permanent disability benefits. For compromise and release cases, use permanent disability estimate as reported to the appropriate rating organization established under Insurance Code § 11750, et seq.</p> <p>(4) For Release 1 only, optional for transmissions on or after March 1, 2002.</p> <p>(5) For Release 2 only; optional for claims with a date of injury before March 1, 2002.</p> <p>(4) (6) Only for Other Benefit Type Codes 310 (Total Penalties) and 321 (Total Employee Interest).</p>	

Note: Final reports (MTC = FN) are required only for claims where indemnity benefits are paid. For medical-only claims, the final report would be reported under Subsection (g) (MTC = AN) with claim status = “closed.”

(e) ~~Reserved for future rulemaking requiring the submission of medical bill/payment reports.~~ On and after October 1, 2001, claims administrator shall submit to the WCIS on each claim with a date of injury on or after October 1, 2001, the following data elements for all medical services for which the claims administrator has received a billing, or other notice of medical services provided.

(1) Submissions under this section shall be made within ten (10) business days following:

(A) The date of payment for each separate, itemized billing.

(B) The date the physician or health care provider is notified, pursuant to Labor Code § 4603.2 (b), that a billing or portion thereof is contested, denied, or considered incomplete. If a billing or portion thereof is contested, denied, or considered incomplete, claims administrators shall only submit bill-level data elements. The submission of line-item data elements is not required until such time as payment is made.

(C) The date of payment of a lien claim for medical services made pursuant to Labor Code § 4903 (b). The reporting of medical lien payments shall include the total amount paid and all data elements identifying the billing and rendering provider(s).

(2) Claims administrators who provide medical services to injured workers on a capitated basis under Labor Code § 4614 (b) shall report data on services rendered without billed or paid amounts within ten (10) days following receipt of information on services rendered.

<u>DATA ELEMENT NAME</u>	<u>DN</u>
<u>MANAGED CARE ORGANIZATION IDENTIFICATION NUMBER(1)</u>	<u>208</u>
<u>MANAGED CARE ORGANIZATION NAME (2)</u>	<u>209</u>
<u>UNIQUE BILL ID NUMBER</u>	<u>500</u>
<u>TOTAL CHARGE PER BILL (3)(4)</u>	<u>501</u>
<u>BILLING FORMAT CODE</u>	<u>503</u>
<u>FACILITY CODE</u>	<u>504</u>
<u>PROVIDER AGREEMENT CODE (5)</u>	<u>507</u>
<u>BILL SUBMISSION REASON CODE (6)</u>	<u>508</u>
<u>SERVICE BILL DATE(S) RANGE</u>	<u>509</u>
<u>DATE OF BILL</u>	<u>510</u>
<u>DATE INSURER RECEIVED BILL</u>	<u>511</u>
<u>DATE INSURER PAID BILL (3)</u>	<u>512</u>
<u>ADMISSION DATE</u>	<u>513</u>
<u>DISCHARGE DATE</u>	<u>514</u>
<u>CONTRACT TYPE CODE</u>	<u>515</u>
<u>TOTAL AMOUNT PAID PER BILL (3)</u>	<u>516</u>
<u>DRG CODE</u>	<u>518</u>
<u>PRINCIPAL DIAGNOSIS CODE</u>	<u>521</u>
<u>ICD-9 CM DIAGNOSIS CODE</u>	<u>522</u>
<u>BILLING PROVIDER LAST/GROUP NAME</u>	<u>528</u>
<u>BILLING PROVIDER FIRST NAME</u>	<u>529</u>
<u>GATEKEEPER INDICATOR (7)</u>	<u>534</u>
<u>BILLING PROVIDER PRIMARY SPECIALTY CODE (8)</u>	<u>537</u>
<u>BILL ADJUSTMENT GROUP CODE (3)(9)</u>	<u>543</u>
<u>BILL ADJUSTMENT REASON CODE (3)(10)(11)</u>	<u>544</u>
<u>LINE NUMBER</u>	<u>547</u>
<u>TOTAL CHARGE PER LINE (3)(4)(10)</u>	<u>552</u>
<u>PLACE OF SERVICE BILL CODE</u>	<u>555</u>
<u>DIAGNOSIS POINTER</u>	<u>557</u>
<u>REVENUE BILLED CODE</u>	<u>559</u>
<u>TOTAL AMOUNT PAID PER LINE (3)</u>	<u>574</u>
<u>REVENUE PAID CODE</u>	<u>576</u>
<u>RENDERING LINE PROVIDER FIRST NAME (12)</u>	<u>587</u>
<u>RENDERING LINE PROVIDER LAST/GROUP NAME (12)</u>	<u>589</u>
<u>RENDERING LINE PROVIDER NATIONAL PROVIDER ID (12)(13)</u>	<u>592</u>
<u>RENDERING LINE PROVIDER PRIMARY SPECIALTY CODE (12)</u>	<u>595</u>
<u>RENDERING LINE PROVIDER STATE LICENSE NUMBER (12)</u>	<u>599</u>

<u>PLACE OF SERVICE LINE CODE</u>	<u>600</u>
<u>SERVICE LINE DATE(S) RANGE (11)</u>	<u>605</u>
<u>BILLING PROVIDER FEIN</u>	<u>629</u>
<u>BILLING PROVIDER STATE LICENSE NUMBER (8)</u>	<u>630</u>
<u>BILLING PROVIDER NATIONAL PROVIDER ID (13)</u>	<u>634</u>
<u>MANAGED CARE ORGANIZATION FEIN (2)</u>	<u>704</u>
<u>JURISDICTION PROCEDURE BILLED CODE (14)(15)</u>	<u>715</u>
<u>JURISDICTION MODIFIER BILLED CODE (14)(15)(16)</u>	<u>718</u>
<u>JURISDICTION PROCEDURE PAID CODE (14)</u>	<u>729</u>
<u>JURISDICTION MODIFIER PAID CODE (14)(16)</u>	<u>730</u>
<u>SERVICE ADJUSTMENT GROUP CODE (3)(9)</u>	<u>731</u>
<u>SERVICE ADJUSTMENT REASON CODE (3)(9)(11)</u>	<u>732</u>
<p>(1) HCO claims only; required only when provided to claims administrator.</p> <p>(2) For HCO claims use HCO name in DN 209 and the FEIN of the sponsoring organization in DN 704.</p> <p>(3) Not required when claims administrator provides medical services to injured workers on a capitated basis under Labor Code § 4614 (b).</p> <p>(4) Optional on non-denied bills if amount paid equals amount charged.</p> <p>(5) For HCO claims use code P "Participation Agreement"</p> <p>(6) For medical services provided on a capitated basis under Labor Code § 4614 (b), use code 09 "Encounter."</p> <p>(7) Use to indicate whether the provider is the primary treating physician at the time services were rendered.</p> <p>(8) Does not apply if billing provider is an organization.</p> <p>(9) Required if charged and paid amounts differ.</p> <p>(10) Optional on denied bills, until the time that payment may be made.</p> <p>(11) For reporting of medical lien payments, use code 64 'Denial reversed per medical review.'</p> <p>(12) Optional if rendering provider equals billing provider.</p> <p>(13) To be provided following the assignment of a National Provider Identifier by the United States Department of Health and Human Services, Health Care Financing Administration ("HCFA").</p> <p>(14) The codes for this data element are the codes that are set forth in the California Official Medical Fee Schedule, a publication of the State of California, Department of Industrial Relations (adopted pursuant to Labor Code § 5307.1 and Title 8, California Code of Regulations § 9790 et seq.). (15) Optional if procedure billed equals procedure paid.</p> <p>(16) Use when a modifier has been provided.</p>	

(f) Notwithstanding the requirement in Subsection (b) to submit data elements omitted from the first report within 60 days from the date of transmission of the first report, when a claims administrator becomes aware of an error or need to update data elements previously transmitted, or learns of information that was previously omitted, the claims administrator shall transmit the corrected, updated or omitted data to WCIS no later than the next submission of data for the affected claim.

(g) No later than January 31 of every year, commencing in 2001, claims administrators shall, for each claim with a date of injury on or after July 1, 2000 and with any payment in any benefit category, including medical, in the previous calendar year,

report the total paid in each payment category through the previous calendar year by submitting the following data elements:

DATA ELEMENT NAME	DN
BENEFIT TYPE CODE	85
BENEFIT TYPE AMOUNT PAID	86
BENEFIT PERIOD START DATE	88
BENEFIT PERIOD THROUGH DATE	89
OTHER BENEFIT TYPE AMOUNT	215
OTHER BENEFIT TYPE CODE	216

Note: Final reports (MTC = FN) are required only for claims where indemnity benefits are paid. For medical-only claims, the final report would be reported under this subsection (MTC = AN) with claim status = “closed.”

(h) (1) A claims administrator’s obligation to submit copies of benefit notices to the Administrative Director pursuant to Labor Code Section 138.4 is satisfied upon determination by the Administrative Director that the claims administrator has demonstrated the capability to submit complete, valid, and accurate data as required under Subsection (d) and continued compliance with that subsection.

(2) Reserved.

(3) On and after January 1, 2001, a claims administrator’s obligation to submit an Annual Report of Inventory pursuant to Title 8, California Code of Regulations Section 10104 is satisfied upon determination by the Administrative Director that the claims administrator has demonstrated the capability to submit complete, valid, and accurate data as required under Subsections (b), (d), (e), and (g), and continued compliance with those subsections.

(i) The data submitted pursuant to this section shall not have any application to, nor be considered in, nor be admissible into, evidence in any personal injury or wrongful death action, except as between an employee and the employee’s employer. Nothing in this subdivision shall be construed to expand access to information held in the WCIS beyond that authorized in section 9703 and Labor Code section 138.7.

(j) Each claims administrator required to submit data under this section shall submit to the Administrative Director an EDI Trading Partner Profile at least thirty days prior to its first transmission of EDI data. Each claims administrator shall advise the Administrative Director of any subsequent changes and/or corrections made to the information provided in the EDI Trading Partner Profile by filing a corrected copy of the EDI Trading Partner Profile with the Administrative Director.

Authority: Sections 133, 138.4, 138.6, and 138.7, Labor Code.

Reference: Section 138.4, 138.6, and 138.7, Labor Code.

9703. Access To Individually Identifiable Information

(a) No person shall have access to individually identifiable data held in the WCIS except as provided in this section and subdivision (c) of section 138.7 of the Labor Code.

(b) The Division of Workers' Compensation may obtain and use individually identifiable information for the following purposes:

- (1) To create and maintain the WCIS, including the selection of claims to survey in order to obtain information not available from the data elements provided by claims administrators.
- (2) To help select claims administrators for audits under section 129 of the Labor Code.
- (3) To report the promptness with which claims administrators make payments.
- (4) To electronically import names, addresses, and other information into Division of Workers' Compensation cases files which would otherwise have to be key entered by agency staff.
- (5) To provide parties to a claim information and assistance regarding their rights, benefits, and obligations under California workers' compensation laws.

(c) The following agencies may obtain individually identifiable information from the WCIS, in the manner set forth in a memorandum of understanding between the Administrative Director and the agency, for the purposes specified:

- (1) The Division of Occupational Safety and Health may use individually identifiable information to help select employers for health and safety consultations and inspections.
- (2) The Division of Labor Statistics and Research may use individually identifiable information to carry out its research and reporting responsibilities under Labor Code sections 150 and 156.
- (3) The Department of Health Services may use individually identifiable information to carry out its occupational health and occupational disease prevention responsibilities under section 105175 of the Health and Safety Code.

(d) Individually identifiable information may be provided to other persons or public or private entities for the purpose of bona fide statistical research which does not divulge individually identifiable information concerning any employee, employer, claims administrator, or any other person or entity. Any request for individually identifiable information for this purpose shall include the identity of the requester, the purpose of the research, the methods of research, and the need for individually identifiable WCIS data.

The requester shall also submit written approval of the research protocol by an Institutional Review Board, under Title 45, Code of Federal Regulations, Part 46, Subpart A. “Approval” means a determination by the Institutional Review Board that the research protocol was reviewed and provides sufficient safeguards to ensure the confidentiality of individually identifiable information. Any agreement to permit use of the data shall be in writing between the requester and the Administrative Director. Note: The Division shall make available upon request a list of Institutional Review Boards known to the Division that have the authority to grant the required approval and that expressed willingness to review research proposals under this section.

(e) Each agreement or memorandum of understanding entered concerning the use of individually identifiable information by any agency, entity, or person shall specify the methods to be used to protect the information from unlawful disclosure, and shall include a warning to the receiving party that it is unlawful for any person who has received individually identifiable information from the Division of Workers’ Compensation under this section to provide the information to any person who is not entitled to it under this section and Labor Code § 138.7.

(f) Nothing in this section shall be construed to exempt from disclosure any public record contained in an individual’s file once an Application for Adjudication has been filed with the Workers’ Compensation Appeals Board. This includes any data from an individual’s file that are converted to or stored in an electronic format for the purpose of case processing and tracking.

(g) Nothing in this section shall be construed to exempt from disclosure WCIS data in a format that does not contain individually identifiable information.

Authority: Sections 127, 133, 138.4, 138.6, ~~and 138.7~~, and 5450, Labor Code.

Reference: Sections 129, 138.4, 138.6, and 138.7, Labor Code.

**STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
Division of Workers' Compensation**

**INITIAL STATEMENT OF REASONS
(Workers' Compensation Information System)**

**Subject Matter of Proposed Regulations:
Workers' Compensation Information System Definitions;
Electronic Data Reporting;
Access To Individually Identifiable Information;**

BACKGROUND TO REGULATORY PROCEEDING:

Labor Code Section 138.6 requires the Administrative Director of the Division of Workers' Compensation to develop a cost-efficient workers' compensation information system (WCIS) to accomplish four objectives:

1. Assist the Department of Industrial Relations manage the workers' compensation system in an efficient and effective manner.
2. Facilitate the evaluation of the effectiveness and efficiency of the benefit delivery system.
3. Assist in measuring how adequately the system indemnifies injured workers and their dependents.
4. Provide statistical data for research into specific aspects of the workers' compensation system.

The statute further requires that the data collected electronically by the WCIS be compatible with the Electronic Data Interchange (EDI) system of the International Association of Industrial Accident Boards and Commissions (IAIABC), and that the data elements to be provided electronically must be set forth in regulations.

The regulations implementing Labor Code § 138.6 (Title 8, California Code of Regulations Sections 9700 – 9704) were filed with the Secretary of State on October 6, 1999 and became operative November 5, 1999. On March 1, 2000, California workers' compensation claims administrators adjusting approximately 95% of all worker's compensation claims in the State either began to transmit data elements required under Section 9702(b) or formally obtained a variance from Subsection (b)'s reporting requirements under Section 9702 (a).

The proposed regulations seek to refine WCIS reporting by eliminating unnecessary data elements, adding relevant data elements, and adjusting the time frames for reporting under various subsections. Following review of the data elements submitted by claims administrators under Section 9702 (b), the Division has been able to identify currently mandatory data elements that will not provide relevant information regarding the California Workers' Compensation system. Correspondingly, the Division has been able to ascertain various data elements, those contained in the adopted EDI Implementation Guides but not required in the originally approved regulations, that would provide such information. The proposed regulations intend to eliminate the irrelevant data elements and substitute the formerly excluded relevant data elements. Deadlines for reporting various data elements have been adjusted to accommodate newly required data elements and the technical ability of the Division to receive such elements.

Further, the proposed regulations intend to reintroduce the electronic reporting of medical bill/payment data. In 1998, the initially proposed WCIS regulations included a subsection, Section 9702 (e), that

required claims administrators to report medical bill/payment data resulting from occupational injuries. The data elements under this section were taken from IAIABC's then proposed March 1996 EDI Implementation Guide for Medical Bill/Payment Report, Release 1, which was incorporated by reference in the proposed regulations. However, during the period when the proposed regulations were available for public comment, the IAIABC withdrew the 1996 implementation. This action by IAIABC required the Division to withdraw Section 9702 (e) from its rulemaking since Labor Code § 138.6 requires all WCIS data elements to be compatible with the IAIABC standards. IAIABC's new implementation guide for medical bill/payment report, issued September 16, 2000, allows the Division to again propose a requirement for the electronic reporting of medical bill/payment data.

Finally, the proposed regulations seek to allow the Division's employees, specifically its Information and Assistance ("I & A") Officers, access to WCIS individually identifiable information. Labor Code § 5450 requires the Division make available to employees, employers, and other interested parties assistance and advice regarding workers' compensation laws. This information will provide I & A Officers with the status of workers' compensation claims so as to be able provide parties with accurate information and/or advise regarding their respective rights and obligations.

These proposed regulations implement, interpret, and make specific two sections of the Labor Code: (1) Labor Code § 138.6, which mandates the development of the WCIS, requires data to be collected electronically to be compatible with the IAIABC EDI system, and requires data elements to be collected through EDI to be set forth in regulations; and (2) Labor Code § 138.7, which limits access to individually identifiable information, and requires the Administrative Director to promulgate regulations governing access to this information by specified entities.

(1) Section Amended: 9701

Problem Addressed:

Some of key terms used in the existing and proposed regulations may be subject to more than a single meaning; others are terms with which the regulated community may not be generally familiar.

Specific Purpose:

The purpose of this proposed regulation is to define key terms used in the existing and proposed regulations to ensure that their content and meaning is clearly understood by the regulated community.

Rationale For Determination Regulation Is Reasonably Necessary To Accomplish Purpose:

The definition of "Bona Fide Statistical Research" is necessary to clarify the purpose for which individually identifiable information will be released under Section 9703 (d). "Closed Claim" is defined to provide a consistent meaning to an event that gives rise to a reporting obligation under Section 9702 (d). "EDI Implementation Guide, Release 2 " is amended to reflect an updated version of the guide issued by the IAIABC on December 1, 1999. The definition of "EDI Medical Bill/Payment Report Implementation Guide" is necessary to clearly delineate the source of the data elements to be submitted to the WCIS under proposed Section 9702 (e). "EDI Trading Partner Profile" is redefined to reflect a revision in the profile form. "Health Care Organization" and "Managed Care Organization" are defined to interpret data elements required under proposed Section 9702 (e). The definition of "Medical Services" is necessary to specify the activity for which a billing received by a claims administrator will give rise to a reporting obligation under proposed Section 9702 (e).

Specific Technologies or Equipment Required:

This regulation defines, but does not mandate the use of, specific technologies or equipment.

Reports Supporting the Adoption

- (1) *EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header & Trailer Records, Release 1*, issued August 9, 1995, by the International Association of Industrial Accident Boards and Commissions.
- (2) *EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header & Trailer Records, Release 2*, issued December 1, 1999, by the International Association of Industrial Accident Boards and Commissions.
- (3) *EDI Implementation Guide for Medical Bill/Payment Report, Release 1*, issued September 16, 2000 by the International Association of Industrial Accident Boards and Commissions.

Consideration of Alternatives:

No alternatives to defining these terms in this manner were considered by the agency. The statute requires that the agency use data elements compatible with the IAIABC EDI system, thus mandating the use of the defined data elements and EDI Implementation Guides. The other terms are defined for reasons of clarity.

Consideration of Alternatives To Lessen Small Business Impact:

Small business is not directly affected by this regulation.

Business Impact:

The regulation will not have any adverse effect on businesses. It simply clarifies terms used in the regulations contained in this new article.

(2) Section Amended: 9702

Problem Addressed:

Labor Code § 138.6 requires the development of a cost efficient workers' compensation information system that will accomplish certain specified objectives, with electronic data elements compatible with the IAIABC EDI system. To accomplish this statutory directive, the data elements to be collected from claims administrators must provide the Division with information that will allow for an accurate estimation of the efficiency and effectiveness of the benefit delivery system.

Following the initial submission of data to the WCIS under the reporting mandate of the existing Section 9702 (b), the Division has identified various data elements, required to be reported to WCIS, that are unnecessary to estimate the efficacy of the system. Correspondingly, the Division has identified data elements available in the IAIABC EDI system that will assist the Division to meet its statutory directive, but are currently not required by existing statutes. Timeframes set forth in the existing regulation for reporting several data elements have become impractical due to the IAIABC's inability to timely establish transaction standards. Current reporting to the WCIS unnecessarily duplicates the obligation of claims administrators to submit, under Title 8, California Code of Regulations § 10104, an "Annual Report of Inventory."

Specific Purpose:

The purpose of this proposed regulation is to refine the list of data elements required to be electronically transmitted to the WCIS, the timing of the submission of these data elements, and the claims on which these data elements are to be submitted. A proposed subsection will allow for the electronic reporting of medical bill/payment information. Further the proposed regulation seeks to exempt claims administrators who electronically submit accurate and valid data elements from the regulatory requirement to submit an Annual Report of Inventory to the Division's Audit Unit.

Rationale For Determination Regulation Is Reasonably Necessary To Accomplish Purpose:

The Division's Research Unit determined, following the initial reporting of data elements by responsive claims administrators under Section 9702 (b), that several data elements required under the existing regulation would not provide the Division with information needed to answer whether the current benefit delivery system operates in an effective and efficient manner. These data elements are DN 65 under Subsection (b), DN 31 and 42 under Subsection (c), and DN 92 – 94, 125 – 129, and 145 under Subsection (d). Information obtained from these data elements can generally be gleaned from other data submitted to WCIS.

Conversely, the Research Unit has also determined that data elements available in the IAIABC EDI system that are not required under the existing regulation can provide relevant information on the current benefit delivery system. These data elements are DN 87, 90, 91, 193, 195, 212, and 241 under Subsection (d), and DN 88 and 89 under Subsection (g). DN 6, 8, 15, and 187 are added to Subsection (c) to ensure better linkage between individual claims and data elements submitted to WCIS.

The reporting requirements of several data elements required in the existing Subsection (b) (DN 8, 9, 155, 184, 187, 188, 189, 224, and 329) have been modified to reflect an uncertainty at IAIABC over the Release 2 transaction standards that will be utilized on a national level. See footnotes 2 and 8. Rather than going forward with the proposed standard, the Division believes IAIABC should be given an opportunity to resolve any concerns over its transaction standards prior to imposing such standards on claims administrators and the regulated community.

The medical data reporting required in proposed Subsection (e) is intended to provide basic information on treatment patterns and costs of all claims, essential elements in determining the efficacy of the benefit delivery system. The proposed data elements were determined with the assistance of an advisory committee and taken from IAIABC's new implementation guide for medical bill/payment report, issued September 16, 2000. The advisory committee advised the Division that the reporting of medical data should be submitted on all claims rather than select claims as first proposed in August 1998.

The proposed regulation further clarifies other "technical" WCIS reporting obligations. The effective date for reporting under Subsection (g) is modified to claims with dates of injury on or after July 1, 2000 to correspond with the Subsequent Report requirements of Subsection (d). Footnote 2 in Subsection (d) is clarified to indicate acceptable permanent disability codes.

Finally, to avoid reporting redundancies and reduce the cost of unnecessary paper reporting by claims administrators, the proposed regulation seeks to eliminate a claims administrator's obligation to submit an Annual Report of Inventory pursuant to Title 8, California Code of Regulations Section 10104, provided the claims administrator can submit complete, valid, and accurate data to the WCIS.

Specific Technologies or Equipment Required:

Labor Code § 138.6 requires the data submitted electronically to WCIS be compatible with the IAIABC EDI system. However, the proposed regulation, as well as the existing regulations, does not require the use of specific technologies or equipment beyond the requirement that the submission be compatible with the statutorily required standard. Claims administrators will be able to use any available technology, including those currently in use to transmit information to WCIS, to transmit the data in the required standard format.

Reports Supporting the Adoption:

(1) *EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header & Trailer Records, Release I*, issued August 9, 1995, by the International Association of Industrial Accident Boards and Commissions.

(2) *EDI Implementation Guide for First, Subsequent, Acknowledgment Detail, Header & Trailer Records, Release 2*, issued December 1, 1999, by the International Association of Industrial Accident Boards and Commissions.

(3) *EDI Implementation Guide for Medical Bill/Payment Report, Release 1*, issued September 16, 2000 by the International Association of Industrial Accident Boards and Commissions.

Consideration of Alternatives:

No alternatives to defining these terms in this manner were considered by the agency. Labor Code § 138.6 requires that the Division use data elements compatible with the IAIABC EDI system, thus mandating the use of the defined data elements and EDI Implementation Guides. No alternative considered by the agency would be more effective in carrying out the purpose of the regulation or would be as effective and less burdensome to affected private persons.

Consideration of Alternatives To Lessen Small Business Impact:

Small business is not directly affected by this regulation.

Business Impact:

The regulation will not have any adverse effect on businesses. Claims administrators are now required under the existing regulation to report certain information about workers' compensation claims, most of which is currently required to be reported on paper, to the WCIS via electronic reporting. While additional costs may be incurred to modify reporting systems to accommodate the electronic reporting of medical bill/payment information (the cost depending on the state of readiness of each individual claims administrator), the cost will offset over time by the efficiencies of electronic over paper reporting.

(3) Section Amended: 9703

Problem Addressed:

Labor Code § 138.7 sets forth restrictions on access to individually identifiable information held in the WCIS, and directs the Administrative Director to adopt certain regulations to carry out the purposes set forth in the statute. The existing regulation does not allow the Division's employees access WCIS individually identifiable information for the purpose of advising injured workers, claims administrators, and employers about their rights and obligations under California's workers' compensation laws. Labor Code § 5450 requires the Division make available such assistance and advice.

Specific Purpose:

The purpose of this amendment is to expressly allow the Division access to individually identifiable information from the WCIS for the purpose of advising parties to a workers' compensation claim regarding their legal rights and obligations.

Rationale For Determination Regulation Is Reasonably Necessary To Accomplish Purpose:

Labor Code § 138.7 (b)(3) provides that the Division may use individually identifiable information to carry out its duties. The statute correspondingly directs the Administrative Director to adopt regulations governing access to such information; the regulations must set forth the specific uses for which information may be obtained. The WCIS can provide the Division with an accurate, independent source of information regarding the status of claims, including, for example, the amount and rate of indemnity benefits paid. In the absence of a regulation, the Division would be statutorily precluded from using individually identifiable

information from the WCIS to advise injured workers, employers, and claims administrators regarding their rights and obligations.

Specific Technologies or Equipment Required:

This regulation does not mandate the use of specific technologies or equipment.

Reports Supporting the Adoption:

None

Consideration of Alternatives:

No alternative considered by the agency would be more effective in carrying out the purpose of the regulation or would be as effective and less burdensome to affected private persons.

Consideration of Alternatives To Lessen Small Business Impact:

Small business is not directly affected by this regulation.

Business Impact:

The regulation will not have any adverse effect on businesses.